

little oversight once one is designated; and if they fail to meet their fiduciary duties, there is not clear methodology by which one would be decommissioned.

The underlying bill makes strategic and important changes with regard to these provisions establishing a registration process through the SEC. The additions which Mr. SARBANES suggested be included in the legislation are important, providing additional accounting and financial screens through which a corporation must pass in order to achieve this designation.

There is also another important reform not yet mentioned in the debate, and that goes to the previous practice of rating agencies engaging in unsolicited ratings. It is not a bad business model: You simply pick out the company you wish to charge, you rate them, and send them the bill for services later. It presents a corporation with a very difficult dilemma in that, under our securities law, if a corporation chooses to enter the public markets and issue debt, you must have two favorable ratings from credit rating agencies.

For these reasons, this bill eliminates those unsolicited ratings, provides stability in the overall rating process, and I believe will serve our capital markets well in good fashion going forward.

I again compliment Chairman OXLEY and Mr. FITZPATRICK for their leadership and good work.

Mr. KANJORSKI. Mr. Speaker, I have no other requests for time, and I yield back the balance of my time.

Mr. OXLEY. Mr. Speaker, in closing, I want to pay special tribute to our friend from Pennsylvania (Mr. FITZPATRICK). It is rare in this House that a freshman has been able to pass major legislation as we have before us today, and it is a real tribute to his leadership and hard work and the cooperation on both sides of the aisle that we were able to get this bipartisan and bicameral bill finished.

We had a most impressive and informative field hearing in the City of Brotherly Love last November, and it really did set the template and the opportunity for the committee to move forward with this legislation.

It is particularly poignant because it is a natural after passage of Sarbanes-Oxley, and I know Senator SARBANES and I both appreciate the work and the leadership that Mr. FITZPATRICK has provided for us and for Chairman BAKER to move that legislation through his subcommittee.

I want to thank all involved, including the staffers that Mr. FITZPATRICK mentioned. This has been a labor of love, and it will be one that will have enormous implications for our capital markets down the road.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. OXLEY)

that the House suspend the rules and pass the Senate bill, S. 3850.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

□ 1730

#### MARK-TO-MARKET EXTENSION ACT OF 2006

Mr. OXLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6115) to extend the authority of the Secretary of Housing and Urban Development to restructure mortgages and rental assistance for certain assisted multifamily housing.

The Clerk read as follows:

H.R. 6115

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Mark-to-Market Extension Act of 2006".

#### SEC. 2. REAUTHORIZATION.

Section 579 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended—

(1) in subsection (a)(1), by striking "October 1, 2006" and inserting "October 1, 2011"; and

(2) in subsection (b), by striking "October 1, 2006" and inserting "October 1, 2011".

#### SEC. 3. EXCEPTION RENTS.

Section 514(g)(2)(A) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by striking "five percent" and inserting "nine percent".

#### SEC. 4. PERIOD OF ELIGIBILITY FOR NONPROFIT DEBT RELIEF.

Section 517(a)(5) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by inserting before the period at the end the following: "Provided, That if such purchaser acquires such project subsequent to the date of recordation of the affordability agreement described in section 514(e)(6), (A) such purchaser must acquire such project on or before the later of (i) five years after the date of recordation of the affordability agreement and (ii) two years after the date of enactment of this title; and (B) the Secretary must have received, and determined acceptable, such purchaser's application for modification, assignment or forgiveness prior to such purchaser's acquisition of the project".

#### SEC. 5. DEFINITIONS.

Section 512 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by adding at the end the following new paragraph:

"(20) **DISASTER-DAMAGED ELIGIBLE PROJECT.**—The term 'disaster-damaged eligible project' means an eligible multifamily housing project—

"(A) that is located in a county that was declared a major disaster area on or after January 1, 2005, by the President pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq);

"(B) whose owner carried casualty and liability insurance covering such project in amounts required by the Secretary;

"(C) that suffered damages not covered by such insurance that the Secretary determines are likely to exceed \$5,000 per unit in

connection with the natural disaster that was the subject of such designation; and

"(D) whose owner requests restructuring within two years following the date that such damages were incurred.

Disaster-damaged eligible projects shall be eligible without regard to the relationship between rent level for the assisted units and comparable market rents."

#### SEC. 6. **DISASTER-DAMAGED ELIGIBLE PROJECTS.**

(a) **MARKET RENT DETERMINATIONS.**—Subparagraph (B) of section 514(g)(1) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended to read as follows:

"(B) if those rents cannot be determined—

"(i) with respect to a disaster-damaged eligible project, are equal to 100 percent of the fair market rents for the relevant market area (in effect at the time of such disaster); and

"(ii) with respect to other eligible multifamily housing projects, are equal to 90 percent of the fair market rents for the relevant market area."

(b) **OWNER INVESTMENT.**—Section 517(c) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by adding at the end the following new paragraph:

"(3) **PROPERTIES DAMAGED BY NATURAL DISASTERS.**—With respect to a disaster-damaged eligible project, the owner contribution toward rehabilitation needs shall be determined in accordance with paragraph (2)(C)."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. OXLEY) and the gentlewoman from California (Ms. WATERS) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio.

#### GENERAL LEAVE

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume.

I rise in strong support of H.R. 6115, the Mark-to-Market Extension Act of 2006, legislation introduced by my friend and colleague from Ohio, Congresswoman DEBORAH PRYCE. This legislation extends the Multifamily Assisted Housing Restructuring and Affordability Act of 1997 for 5 years beyond its current expiration date of September 30, 2006.

Legislation creating the Mark-to-Market program was enacted in 1997 to reduce the cost to the Federal Government of renewing section 8 contracts. At that time, 4,000 multifamily projects with FHA-insured mortgages were receiving project-based rent subsidies under section 8 of the U.S. Housing Act of 1937. The original Housing Assistance Payment contracts attached to these projects were written for periods ranging from 15 to 40 years. The majority of these projects had units with rents that exceeded those for comparable unassisted units; however, HUD did not have the authority

to renew the contract at above-market rents.

Consequently, few of these projects would have remained financially viable when their rental income was reduced to market rates, as owners would not have been able to cover their costs. With the reduced rents, such projects would most likely have gone into default on their mortgages, generating losses to the FHA insurance fund and possibly displacing many tenants in those projects.

Under the current law, if the Mark-to-Market program expires, HUD will be required to renew Housing Assistance Payment Contracts at market levels, but the authority to restructure mortgage debt will no longer be available for projects that have yet to enter the Mark-to-Market program. Without that authority, many projects would not generate sufficient cash flow to support their mortgage after rents are reduced to market levels.

CBO estimates that the cost of restructuring is less expensive than the cost of default by about \$500,000 per project, on average. Consequently, CBO estimates that enacting H.R. 6115 will reduce direct spending by \$188 million over 5 years principally by avoiding defaults on FHA-insured multifamily mortgages that otherwise would occur under current law.

H.R. 6115 will ensure that HUD continues to have the tools necessary to restructure mortgages and lower rents, thereby reducing the Fed's cost of oversubsidized section 8 properties.

I want to commend Congresswoman PRYCE for her work on this important legislation. And I urge the adoption of H.R. 6115, the Mark-to-Market Extension Act of 2006.

Mr. Speaker, I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

(Ms. WATERS asked and was given permission to revise and extend her remarks.)

Ms. WATERS. Mr. Speaker, I rise in support of H.R. 6115, the Mark-to-Market Extension Act of 2006.

I want to thank the gentlewoman from Ohio, DEBORAH PRYCE, for sponsoring this bill, along with other cosponsors of the bill, including Mr. GERLACH of Pennsylvania; Mr. TIBERI of Ohio; and, of course, Ranking Member FRANK. The distinguished chairman of the Committee on Financial Services, Mr. OXLEY, must also be commended for moving this important bill to the floor. As the ranking member of the Subcommittee on Housing and Community Affairs, I am pleased to be an original cosponsor of this bill, and I would like to thank all of the members of the subcommittee who supported it.

H.R. 6115, the Mark-to-Market Extension Act of 2006, will reauthorize the Mark-to-Market program. The program is set to expire on September 30, 2006. Of course, we can ill afford to have any housing program eliminated by our failure to act, particularly since the

Mark-to-Market program ensures that our multifamily rental housing stock remains on the market.

When Congress enacted the Multifamily Assisted Housing Reform and Affordability Act of 1997, it was designed to, number one, eliminate above-market rents at low- and moderate-income multifamily properties with FHA-insured mortgages and project-based section 8 assistance; and, number two, preserve affordable rental housing in markets where it is needed.

The Mark-to-Market program was created to address these program goals, and it relies basically on several tools: debt restructuring, full or partial payment of claims, deferment of mortgage payments, credit enhancements, and increased FHA mortgage insurance.

There is ample evidence that the Mark-to-Market program is critical to preserving multifamily housing and to cost savings. According to HUD, as of March 2006, the Mark-to-Market program has been used to preserve approximately 220,000 affordable rental apartments at savings of \$1.9 billion. And, in fact, the Congressional Budget Office concluded 5 years ago that the cost of restructuring debt for many multifamily housing projects is less expensive than the cost of default by an estimated \$1 million per project.

Because more than 1,000 projects could be assisted under the Mark-to-Market program, we will save many multifamily affordable housing units over the next 5 years. I am certainly not interested in seeing any of the multifamily rental units that are located in my district or in the State of California, projects that are in the pipeline in California, go into default because the Mark-to-Market program is allowed to expire. This tool is too valuable to preserving the affordable housing stock across the country to allow it to expire. When I think about it, we were very close to losing several major housing programs had our Subcommittee on Housing and the full committee not taken action on this and other programs.

Again, this bill not only demonstrates just how serious many members of the Committee on Financial Services have been on reaching consensus on programs that are important to fighting the affordable housing crisis in this country, but the bill recognizes low- and moderate-income housing needs in many of our communities.

Yes, H.R. 6115 is being considered by this House at a critical juncture because the Mark-to-Market program takes into account the serious shortage of the affordable multifamily rental housing in America. The Mark-to-Market program applies to FHA-insured multifamily projects with project-based assistance under the section 8 program. Rents for these projects are in excess of the rents for comparable rental units in the area. While many of these projects had been developed with rents which were above market, when the 20-year section 8 contracts began to

expire back in the 1990s, the contracts were not renewed at above-market rents. This forced many projects into default because the owners of the projects could not operate or meet mortgage payments at market rents.

Restructuring the FHA-insured mortgage, which lowers debt service to a level that is sustainable at market rent, as well as mechanisms to rehabilitate and to replenish reserves, are what makes the Mark-to-Market program worthy of extension. Under the Mark-to-Market program, owners of multifamily projects that have been restructured are required to accept section 8 renewal offers and to keep rents affordable regardless of whether section 8 assistance is available. The critical requirement must be met for the next 30 years.

In addition, the committee included new provisions to the Mark-to-Market program that will enable Mark-to-Market mechanisms to be extended to damaged properties in disaster areas. The committee concluded that by including these properties, many of which are located in the gulf region where 170,000 units in New Orleans were lost, that the question of eligibility would be eliminated, making M-M tools quickly available to the rebuilding efforts. The bill also allows for continued debt relief upon the transfer of a Mark-to-Market project to any qualified nonprofit purchasers.

With regard to the use of exception rent, the committee recognized that the existing 5 percent cap on rents greater than 100 percent of the median is projected to be reached this year, requiring the committee to raise the rent ceiling to 9 percent of the Mark-to-Market portfolio.

For all of the above reasons, this is one of the most constructive housing bills reported by the Committee on Financial Services this year.

Mr. Speaker, we cannot let the Mark-to-Market program expire, and I certainly urge my colleagues to support the bill.

Mr. FRANK of Massachusetts. Mr. Speaker, will the gentlewoman yield?

Ms. WATERS. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Speaker, I thank the gentlewoman for yielding.

I just wanted to note the good work that we have been able to do in our Subcommittee on Housing. There are some differences between the parties, and I have to say that we on our side regret that we were not able to get into the increased production, but that disagreement, and it is an important one, being what it is, hasn't kept us from working together in a number of other areas, including some efforts to preserve.

And the leadership that the gentlewoman has shown, and the chairman of the full committee has worked there, and I must say the former chairman, the gentleman from Ohio, who is not with us now but good work should be

recognized no matter what circumstance has followed, in working together, we have managed to do, I think, a good job in the housing area. And the gentlewoman from California has been an excellent ranking member. This is another good piece of it, and I am very glad that we were able to do this today.

Ms. WATERS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. OXLEY. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, just in closing, let me salute our good friend from California, who has had a passionate interest in housing ever since she got here and has worked extremely well as the ranking member of the subcommittee with the chairman and with both the full committee chairmen, myself and the gentleman from Ohio. We have surprised a lot of people with what we have been able to produce.

They say politics is the art of the possible, and I think we have proven it time and time again. This is common-sense legislation that is good for all concerned, and I just want to salute her dedication to that effort.

Ms. PRYCE of Ohio. Mr. Speaker, I would first like to thank Chairman OXLEY, for this effort and for his great leadership of our Committee for the last 6 years. Six very challenging years in which fiscal policy really mattered. A time when security, reliability, transparency, made a difference. Ms. WATERS, and Ranking Member FRANK and their staffs for their hard work on this legislation. Clinton Jones, Cindy Chetti, and Tallman Johnson on the Majority staff have been invaluable.

We are here today to extend a program that works: A program that saves taxpayers money, reduces rents on tenants, and ensures the long-term viability of affordable housing properties.

The numbers speak louder than words—In just 7 years, Mark-to-Market has resulted in nearly \$2 billion in net savings to taxpayers, reduced rent costs at over 2,700 properties by an estimated \$216 million per year, and completed debt-restructuring on over 1,400 properties.

Central Ohio has been the beneficiary of many of these projects, including the Ohio Capital Corporation for Housing's purchase of 12 HUD-insured properties in urban Columbus, and the continued development of a home for disabled individuals near the Ohio State University, the Center for Creative Living.

This bill also includes an amendment I drafted in Committee, which provides relief for properties in rural and dense urban areas and non-profit purchasers, and erases any question of the eligibility of properties damaged by Hurricanes Katrina, Rita, Wilma or other natural disasters.

Our action today shows our commitment to acting before this program sunsets.

Mr. OXLEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. OXLEY) that the House suspend the rules and pass the bill, H.R. 6115.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. OXLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this question will be postponed.

## FINANCIAL SERVICES REGULATORY RELIEF ACT OF 2006

Mr. OXLEY. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 2856) to provide regulatory relief and improve productivity for insured depository institutions, and for other purposes, as amended.

The Clerk read as follows:

S. 2856

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Financial Services Regulatory Relief Act of 2006".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—BROKER RELIEF

Sec. 101. [Rulemaking] Joint rulemaking required for revised definition of broker in the Securities Exchange Act of 1934.

#### TITLE II—MONETARY POLICY PROVISIONS

Sec. 201. Authorization for the Federal reserve to pay interest on reserves.

Sec. 202. Increased flexibility for the Federal Reserve Board to establish reserve requirements.

Sec. 203. Effective date.

#### TITLE III—NATIONAL BANK PROVISIONS

Sec. 301. Voting in shareholder elections.

Sec. 302. Simplifying dividend calculations for national banks.

Sec. 303. Repeal of obsolete limitation on removal authority of the Comptroller of the Currency.

Sec. 304. Repeal of obsolete provision in the Revised Statutes.

Sec. 305. Enhancing the authority for banks to make community development investments.

#### TITLE IV—SAVINGS ASSOCIATION PROVISIONS

Sec. 401. Parity for savings associations under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940.

Sec. 402. Repeal of overlapping rules governing purchased mortgage servicing rights.

Sec. 403. Clarifying citizenship of Federal savings associations for Federal court jurisdiction.

Sec. 404. Repeal of limitation on loans to one borrower.

#### TITLE V—CREDIT UNION PROVISIONS

Sec. 501. Leases of land on Federal facilities for credit unions.

Sec. 502. Increase in general 12-year limitation of term of Federal credit union loans to 15 years.

Sec. 503. Check cashing and money transfer services offered within the field of membership.

Sec. 504. Clarification of definition of net worth under certain circumstances for purposes of prompt corrective action.

Sec. 505. Amendments relating to nonfederally insured credit unions.

#### TITLE VI—DEPOSITORY INSTITUTION PROVISIONS

Sec. 601. Reporting requirements relating to insider lending.

Sec. 602. Investments by insured savings associations in bank service companies authorized.

Sec. 603. Authorization for member bank to use pass-through reserve accounts.

Sec. 604. Streamlining reports of condition.

Sec. 605. Expansion of eligibility for 18-month examination schedule for community banks.

Sec. 606. Streamlining depository institution merger application requirements.

Sec. 607. Nonwaiver of privileges.

Sec. 608. Clarification of application requirements for optional conversion for Federal savings associations.

Sec. 609. Exemption from disclosure of privacy policy for accounting firms.

Sec. 610. Inflation adjustment for the small depository institution exception under the Depository Institution Management Interlocks Act.

Sec. 611. Modification to cross marketing restrictions.

#### TITLE VII—BANKING AGENCY PROVISIONS

Sec. 701. Statute of limitations for judicial review of appointment of a receiver for depository institutions.

Sec. 702. Enhancing the safety and soundness of insured depository institutions.

Sec. 703. Cross guarantee authority.

Sec. 704. Golden parachute authority and nonbank holding companies.

Sec. 705. Amendments relating to change in bank control.

Sec. 706. Amendment to provide the Federal Reserve Board with discretion concerning the imputation of control of shares of a company by trustees.

Sec. 707. Interagency data sharing.

Sec. 708. Clarification of extent of suspension, removal, and prohibition authority of Federal banking agencies in cases of certain crimes by institution-affiliated parties.

Sec. 709. Protection of confidential information received by Federal banking regulators from foreign banking supervisors.

Sec. 710. Prohibition on participation by convicted individuals.

Sec. 711. Coordination of State examination authority.

Sec. 712. Deputy Director; succession authority for Director of the Office of Thrift Supervision.

Sec. 713. Office of Thrift Supervision representation on Basel Committee on Banking Supervision.

Sec. 714. Federal Financial Institutions Examination Council.

Sec. 715. Technical amendments relating to insured institutions.

Sec. 716. Clarification of enforcement authority.